

**THE OFFICE OF REGULATORY STAFF**

**DIRECT TESTIMONY**

**OF**

**WILLIE J. MORGAN**

**APRIL 9, 2009**



**DOCKET NO. 2008-460-WS**

**Application of Avondale Mills,  
Incorporated for Approval of a New  
Schedule of Rates and Charges for Water  
and Sewerage Services Provided to  
Customers in Aiken County, South  
Carolina**

1                                   **DIRECT TESTIMONY OF WILLIE J. MORGAN**  
2   **FOR**  
3                                   **THE OFFICE OF REGULATORY STAFF**  
4   **DOCKET NO: 2008-460-WS**  
5                                   **IN RE: AVONDALE MILLS, INCORPORATED FOR**  
6                                   **APPROVAL OF A NEW SCHEDULE OF RATES AND CHARGES FOR**  
7                                   **WATER AND SEWERAGE SERVICES PROVIDED TO CUSTOMERS IN**  
8   **AIKEN COUNTY, SOUTH CAROLINA**

9  
10   **Q.   PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND**  
11       **OCCUPATION.**

12   A.           My name is Willie J. Morgan, and my business address is 1401 Main  
13               Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State  
14               of South Carolina Office of Regulatory Staff (“ORS”) as the Program Manager  
15               for the Water and Wastewater Department.

16   **Q.   PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND**  
17       **EXPERIENCE.**

18   A.           I received a Bachelor of Science Degree in Engineering from the  
19               University of South Carolina in 1985 and a Master of Arts Degree in Management  
20               from Webster University in 2000. I am a licensed Professional Engineer  
21               registered in the State of South Carolina. My professional affiliations include  
22               membership in the American Water Works Association (“AWWA”), the South  
23               Carolina Section of the American Water Works Association (“SC-AWWA”) and

**THE OFFICE OF REGULATORY STAFF**  
**1401 Main Street, Suite 900**  
**Columbia, SC 29201**



1 Elimination System ("NPDES") Program, and fees collected for construction  
2 activities associated with water and wastewater utilities.

3 **Q. HOW LONG HAVE YOU PROVIDED REGULATORY OVERSIGHT**  
4 **AND ENGINEERING SERVICES TO WATER AND WASTEWATER**  
5 **FACILITIES?**

6 A. I have over twenty-three years of regulatory compliance experience  
7 providing assistance and regulatory oversight for water and wastewater facilities  
8 and services.

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
10 **PROCEEDING?**

11 A. The purpose of my testimony is to set forth the ORS staff findings relative  
12 to my review of the rate increase application submitted by Avondale Mills, Inc.  
13 ("Avondale"). Specifically, I will focus on Avondale's compliance with the  
14 Public Service Commission of South Carolina's ("Commission" or "PSC") rules  
15 and regulations, ORS's Business Compliance Review of Avondale's water and  
16 wastewater systems, test-year revenue and calculated proposed revenue, and  
17 performance bond requirements.

18 **Q. ARE THE FINDINGS OF YOUR REVIEW CONTAINED IN THIS**  
19 **TESTIMONY AND ACCOMPANYING EXHIBITS?**

20 A. Yes, my testimony and the attached exhibits detail ORS's findings and  
21 recommendations.

22 **Q. PLEASE EXPLAIN HOW YOU COMPILED INFORMATION FOR YOUR**  
23 **TESTIMONY AND EXHIBITS.**

1     A.           I used ORS Business Office Compliance Review results, information  
2               provided by Avondale in its application and additional information provided by  
3               Avondale during the course of our business review and facility site inspections. I  
4               also reviewed Avondale's financial statements and performance bond documents  
5               submitted to the Commission.

6     **Q.     PLEASE PROVIDE AN OVERVIEW OF THE LOCATIONS, SERVICE**  
7               **TYPES AND CUSTOMER BASE SERVED BY AVONDALE.**

8     A.           Avondale is a public utility providing water distribution/treatment services  
9               and wastewater collection services. Avondale is a National Association of  
10              Regulatory Utility Commissioners ("NARUC") Class C water and wastewater  
11              utility according to water and sewer revenues reported on its application for the  
12              test year ending August 29, 2008. Avondale's service area includes a portion of  
13              Aiken County. According to Avondale's application for the test year ending  
14              August 29, 2008, water distribution services were provided to 616 customers and  
15              wastewater collection services were provided to 495 customers in the Graniteville  
16              and Vacluse communities in Aiken County, South Carolina.

17    **Q.     PLEASE EXPLAIN EXHIBIT WJM-1 OF YOUR REPORT.**

18    A.           Exhibit WJM-1, consisting of three pages, provides a summary of the  
19               Business Office Compliance Review completed by ORS. During the Business  
20               Office Compliance Review, ORS reviewed Avondale's office records to  
21               determine compliance with Commission rules and regulations.

22               Avondale utilizes a computer database to capture all customer account  
23               transactions. Avondale tracks customer complaints manually. Customers are



being proposed by Avondale for its water distribution system and no immediate need exists for any major upgrade to the current system.

**Wastewater Collection System**

Avondale provides wastewater collection services and Aiken County Public Service Authority treats and disposes of the wastewater. During the ORS inspection, the wastewater collection system was operating adequately and in accordance with DHEC rules and regulations. No construction activity is being proposed by Avondale for its wastewater collection and no immediate need exists for any major upgrade to the current system.

**Q. EXPLAIN THE TEST YEAR REVENUE INFORMATION COMPUTED BY ORS FOR AVONDALE.**

A. Exhibit WJM-3 summarizes Avondale's service revenues for the test year ending August 29, 2008. ORS used consumption data provided by Avondale and verified during the audit. In addition, ORS used Avondale's current and proposed rates as reflected in the application for these calculations. In summary, ORS calculated Avondale's test year service revenue for water operations, as adjusted, of \$54,052. ORS calculated Avondale's test year service revenue for wastewater operations, as adjusted, of \$56,714. An adjustment of (\$50) was made by ORS due to rounding by Avondale in its application of the per gallon rate for wastewater service. ORS calculated test year revenues for combined operations, as adjusted, of \$110,766. For comparison purposes, ORS calculated Avondale's proposed water service revenues, as adjusted, of \$353,669. ORS calculated Avondale's proposed wastewater service revenues, as adjusted, of \$370,157. At

1 Avondale's proposed rates, combined operating revenue, as adjusted, would total  
2 \$723,826. ORS did not factor customer growth into these revenue comparisons.  
3 As shown in Exhibit WJM-4, the projected growth for Avondale is approximately  
4 -0.3236% for water service. There is no growth expected for sewer service.

5 **Q. PLEASE EXPLAIN EXHIBIT WJM-5 OF YOUR REPORT.**

6 A. Exhibit WJM-5 is a summary of the current PSC approved rates for  
7 Avondale and Avondale's proposed rates. From a review of Avondale's records,  
8 ORS found that an allowance for future uncollectible accounts or bad debt  
9 expense of approximately 0.4514% to be appropriate. This is computed using the  
10 current recorded bad debt amount of \$500 and the as adjusted revenues of  
11 \$110,766. This amount is consistent with historical records provided by  
12 Avondale for customer accounts that have been written off by Avondale as  
13 uncollectible.

14 **Q. PLEASE EXPLAIN THE STATUS OF THE PERFORMANCE BOND FOR**  
15 **AVONDALE.**

16 A. Avondale has a current performance bond on file with the Commission  
17 for water and sewer operations using a Certificate of Deposit as surety in the  
18 amount of \$30,000 for water and \$30,000 for sewer operations. Based on the  
19 expenses from the test year and using the criteria set forth in 26 S.C. Code Regs.  
20 103-512.3.1 and 103-712.3.1, ORS determined that the face amount of  
21 Avondale's bond should be \$265,000 for water operations and \$275,000 for  
22 wastewater operations (Exhibit WJM-6). Avondale's adjusted bonding criteria  
23 expenses for the test year were \$260,412 for water operations and \$273,238 for



1 wastewater operations. Combined bonding criteria expenses, as adjusted totaled  
2 \$533,650 for the test year ending August 29, 2008. ORS respectfully requests  
3 that the Commission increase the Avondale performance bond requirements for  
4 water and wastewater operations to \$265,000 and \$275,000 respectively as it is in  
5 the public interest for Avondale to obtain a bond that satisfies the criteria as set  
6 forth in S.C. Code Ann. § 58-5-720 (Supp. 2008).

7 **Q. ON WHAT BASIS DOES ORS MAKE DEPRECIABLE SERVICE LIFE**  
8 **RECOMMENDATIONS?**

9 A. ORS recommendations are based on the conclusions outlined in the  
10 Florida Public Service Commission Water and Wastewater System Regulatory  
11 Law as recommended by the NARUC staff. ORS's approach and conclusions  
12 made concerning depreciation are consistent with the Public Utility Depreciation  
13 Practices manual as published by NARUC in 1996.

14 **Q. WHAT CONCERNS DO YOU HAVE REGARDING WATER LOSS IN**  
15 **THE WATER DISTRIBUTION SYSTEM OPERATED BY AVONDALE?**

16 A. Utilities can no longer afford to ignore inefficiencies in their water  
17 distribution systems. Increases in pumping, treatment and operational costs make  
18 water losses cost prohibitive. Water loss on Avondale's system is ultimately  
19 passed on to the customers in the form of higher rates. The BHWSC and VPSA  
20 charges to the utility are based on the cost of all water provided to Avondale  
21 through the two master meters. This cost is shared by all customers. According  
22 to the EPA, an 8% allowance for "unaccounted for water" is acceptable; but  
23 unaccounted for water loss of more than 12% requires priority attention and

corrective action. The 8% allowance is consistent with Commission Order No. 2000-0354 in Docket No. 1999-344-W/S for Pinebrook of Spartanburg which “allowed 7.5% as a reasonable percentage for lost water” and Order No. 91-231 in Docket No. 90-124-W/S. For the test year, Avondale provided ORS with information stating that it purchased 160,647,650 gallons of water and sold 62,500,000 gallons of water to its customers. The difference is 98,147,650 gallons, which represents a loss of approximately 61.09%. Unaccounted for water is the difference between water supplied (metered at the master meter) and metered use (i.e., sales plus non-revenue producing metered water).

$$\text{Unaccounted for water (\%)} = \frac{(\text{Supplied} - \text{metered use}) \times 100\%}{(\text{Supplied})}$$

In its application, Avondale proposes to reduce its purchased water cost to a quantity equivalent to 20% above the water purchased by its customers. This amount of unaccounted for water is 12,500,000 gallons which equals \$135,540 in purchased water expense. This adjustment proposed by Avondale reduces the “Purchased Water” expense by \$222,969. Using the above equation and proposed reduction in water purchased, Avondale will be charging its customers for approximately 8% in unaccounted for water. ORS finds the quantity of unaccounted for water and its equivalent dollar amount after the proposed adjustment used in Avondale’s application to be acceptable.

**Q. HOW CAN AVONDALE RESOLVE ITS WATER LOSS PROBLEM?**

A. In an effort to eliminate or lower unaccounted for water statistics, Avondale is in the process of conducting a comprehensive water audit on its

1 system. According to the American Water Works Association (AWWA) Manual  
2 of Water Supply Practices, Water Audits and Leak Detection, 2<sup>nd</sup> Ed., page 2,  
3 “Water audits should be performed annually to help managers adjust priorities,  
4 monitor progress, identify new areas of system losses, and establish new  
5 maintenance goals.” A water audit can identify how much water is lost and what  
6 that loss is costing the utility and its customers. Records and system control  
7 equipment (such as meters) should be checked for accuracy. The overall goal of  
8 the audit is to assist Avondale in the selection and implementation of programs to  
9 reduce distribution system losses and thus help to avoid higher rates for the  
10 customers. The water audit should be followed by the development of a leak  
11 detection program. The implementation of a leak detection program can help  
12 Avondale reduce water and revenue losses and make better use of water  
13 resources. Therefore, the ORS recommends that Avondale continue with an  
14 annual audit and to consider implementing actions recommended by the audit.

15 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

16 **A.** Yes it does.

**REVIEW OF WATER AND WASTEWATER SERVICES  
AVONDALE MILLS, INC.  
DOCKET: 2008-460-WS**

The Office of Regulatory Staff (“ORS”) of South Carolina performed a Business Compliance audit of the revenue, customer complaint, and customer deposit records of Avondale Mills, Inc. (“Avondale”) in preparation for this rate case. Avondale currently provides water distribution and treatment, and wastewater collection services to commercial, industrial and residential customers in Avondale’s service area. This includes a portion of Aiken County. As of August 29, 2008, Avondale was providing water services to 616 water customers along with 39 fire hydrants and wastewater services to 495 customers. Construction for initial portions of the system began in the early 1930's.

The ORS Consumer Services Department received no consumer complaints regarding Avondale during the test year. Since the Notice of Filing was mailed to Avondale’s customers, the Public Service Commission has received no Petitions to Intervene.

ORS determined Avondale provides adequate water distribution and treatment service and wastewater collection service. However, during Avondale’s latest sanitary survey, DHEC rated the drinking water system as “Unsatisfactory” due to several deficiencies including inadequate pressure, fire flow protection, and valve/hydrant maintenance deficiencies.

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The following 2 pages provide a summary of the ORS Business Compliance Audit results.



### **ORS BUSINESS OFFICE COMPLIANCE REVIEW: Water/Sewer Company**

Utility: Avondale Mills, Inc.  
 Inspector: Willie Morgan  
 Office: 128 Marshall Street, Graniteville  
 Utility Type: Water & Wastewater  
 Date: February 24, 2009  
 Company Representative: Mr. Jack R. Altherr, Jr., Mr. G. Stephen Felker, Jr., Mr. Jimmy W. Fredrick, Ms. Susan B. Johnson, & Mr. Marion Malcom

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
1	All records and reports available for examination in accordance with R.103-510 and R. 103-710.	X		Accounting records maintained in Monroe, GA and customer account records maintained in Graniteville, SC.
2	Complaint records maintained in accordance with R.103-516 and R. 103-716.	X		
3	Utility's rates, its rules and regulations, and its up-to-date maps and plans available for public inspection in accordance with R.103-530 and R.103-730.	X		Backflow prevention devices maintained by customers.
4	Established procedures to assure that every customer making a complaint is made aware that the utility is under the jurisdiction of the South Carolina Public Service Commission and that the customer has the right to register the complaint in accordance with R.103-530 and R. 103-730.	X		
5	Deposits charged within the limits established by R.103-531 and R. 103-731.	X		No deposit is charged. However, a \$25.00 connection fee is charged to all customers upon setting up a new account.
6	Timely and accurate bills being rendered to customers in accordance with R.103-532 and R.103-732.	X		
7	Bill forms in accordance with R.103-532 and R.103-732.		X	Missing date meter readings occur. Missing rate schedule or reference rate schedule available upon request.
8	Adjustments of bills handled in accordance with R.103-533 and 103-733.	X		
9	Policy for customer denial or discontinuance of service in accordance with R.103-535 and 103-735.	X		
10	Notices sent to customers prior to termination in accordance with Rule R.103-535 and 103-735.	X		
11	Notices filed with the Commission of any violation of PSC or DHEC rules which affect service provided to its customers in accordance with rule R.103-514.C and 103-714.C.	X		

**Exhibit WJM-1**

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
12	Utility has adequate means (telephone, etc.) whereby each customer can contact the water and/or wastewater utility at all hours in case of emergency or unscheduled interruptions or service in accordance with R.103-530 and 103-730.	X		
13	Records maintained of any condition resulting in any interruption of service affecting its entire system or major division, including a statement of time, duration, and cause of such an interruption in accordance with R.103-514 and 103-714.	X		
14	Utility advised the Commission, in accordance with Rule 103-512 of the name, title, address and telephone number of the person who should be contacted in connection with general management duties, customer relations, engineering operations, emergencies during non-office hours.	X		
15	Utility verified the maps on file with the Commission include all the service area of the company.	X		
16	Number of customers the utility has at present time.			According to the application: 616 water and 495 sewer customers
17	Utility has a current performance bond on file with the Commission. Amount of bond: \$30K for water and \$30K for sewer		X	In the application, the utility commits to updating the bonds for water & sewer prior to a final decision by PSC.
18	Utility maintains a documented Safety Program.	X		
19	Utility maintains a documented Emergency Response plan.	X		
20	Utility maintains a documented Preventative Maintenance plan.	X		
21	Utility submitted a current Annual Report.	X		
22	Utility is in compliance with Gross Receipts reporting and payment regulations.	X		



## ORS WASTEWATER SYSTEM INSPECTION REPORT

### Inspection Overview

<b>Date Inspected:</b>	February 24, 2009
<b>Inspector Name:</b>	Willie Morgan
<b>Docket Number:</b>	2008-460-WS
<b>Utility Name:</b>	Avondale Mills, Inc.
<b>Utility Representative:</b>	Mr. G. Stephen Felker, Jr. & Mr. Jimmy W. Frederick
<b>Number of Customers:</b>	495
<b>System Type</b> (collection, force main, lagoon, etc):	Collection, force main to Aiken County Public Service Authority
<b>Location of System:</b>	Graniteville & Vaulcluse
<b>Location of Utility Office:</b>	128 Marshall Street, Graniteville
<b>Treatment Type:</b>	None
<b>Permit #:</b>	SSS000003
<b>Last SC DHEC Compliance Rating:</b>	N/A
<b>Frequency checked by WWTF Operator:</b>	Daily
<b>Drinking Water Provider:</b>	Avondale Mills, Inc.

### Inspection Results

	System Components Inspected	Yes	No	Comments
1	Chlorinator		X	
2	Other chemicals in use			N/A
3	Aerators present		X	
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition			N/A
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable			N/A
11	Grease build-up acceptable	X		
12	Plant free of debris			N/A
13	Effluent Color acceptable	X		
14	Lift Stations present	X		2 lift stations present
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand	X		

### Additional Comments:

Debris accumulated in one of the pumping stations requiring immediate attention (i.e., routine removable of debris from pumping area, etc.).



## ORS WATER SYSTEM INSPECTION REPORT

### Inspection Overview

<b>Date Inspected:</b>	February 24, 2009
<b>Inspector Name:</b>	Willie Morgan
<b>Docket Number:</b>	2008-460-WS
<b>Utility Name:</b>	Avondale Mills, Inc.
<b>Utility Representative:</b>	Mr. G. Stephen Felker, Jr. & Mr. Jimmy W. Frederick
<b>Number of Customers:</b>	616
<b>System Type (distribution, well, etc):</b>	Distribution
<b>Location of System:</b>	Graniteville & Vaucluse
<b>Location of Utility Office:</b>	128 Marshall Street, Graniteville
<b>Treatment Type:</b>	Chlorination
<b>Permit #:</b>	0240002
<b>Last SC DHEC Compliance Rating:</b>	Unsatisfactory - August 26, 2008
<b>Frequency checked by Licensed Operator:</b>	Daily
<b>Wastewater Provider:</b>	Avondale Mills, Inc.

### Inspection Overview

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites		0					
2	Pump Houses		0					
3	Storage Tank	Pressurized	0					
3a	Storage Tank	Non-Pressurized	0					
3b	Storage Tank	Overhead	0					
4	Chlorinator		1			X		
5	Other Chemicals in use							None
6	Meters					X		616
7	Fire Hydrants		39			X		
8	Electrical Wiring acceptable					X		
9	Piping acceptable					X		
10	Water free of air					X		
11	Water free of sand					X		
12	Water clarity					X		
13	System free of leaks						X	Leak at booster pump
14	Water free of observed odor					X		
15	Access road adequate					X		
16	Ability for service area to expand					X		

### Additional Comments:

Leak was located at the booster pump serving the Laurel Drive area. Seals appear to be broken.



**AVONDALE MILLS, INC.  
2008-460-WS  
REVENUE IMPACT ANALYSIS**

EXHIBIT WJM-3

**Calculated Test Year Revenue Overview**

Service Type	Customer Classification	Consumption in Gallons	Usage Charge per 1,000 gallons	Service Units	Base Facility Charge (BFC)	Test Year Calculated Revenues (1)
Water	Residential	29,500,000	\$0.51	511	\$3.00	\$33,441
	Commercial	5,250,000	\$0.51	28	\$3.00	\$3,686
	Apartment Complex - MB	8,000,000	\$0.51	1	\$3.00	\$4,116
	Industrial	13,000,000	\$0.51	3	\$3.00	\$6,738
	Irrigation	6,750,000	\$0.51	73	\$3.00	\$6,071
	Wholesale	0	\$0.355	0	\$0.00	\$0
	<b>Water Service Total</b>	<b>62,500,000</b>		<b>616</b>		<b>\$54,052</b>
Sewer	Residential	26,250,000	\$0.869	469	\$2.05	\$34,349
	Commercial	4,000,000	\$0.869	22	\$2.05	\$4,017
	Apartment Complex - MB	8,000,000	\$0.869	1	\$2.05	\$6,977
	Industrial	13,000,000	\$0.869	3	\$2.05	\$11,371
	<b>Sewer Service Total</b>	<b>51,250,000</b>		<b>495</b>		<b>\$56,714</b>
<b>Total Operating Revenues</b>		<b>113,750,000</b>		<b>1,111</b>		<b>\$110,766</b>

**Calculated Avondale Mills, Inc. Proposed Revenue Overview**

Service Type	Customer Classification	Consumption in Gallons	Usage Charge per 1,000 gallons	Service Units	Base Facility Charge (BFC)	Proposed Calculated Revenues (1)	Increase Amount	% Increase
Water	Residential	29,500,000	\$4.50	511	\$8.00	\$181,806	\$148,365	443.66%
	Commercial	5,250,000	\$4.50	28	\$8.00	\$26,313	\$22,627	613.86%
	Apartment Complex - MB	8,000,000	\$4.50	1	\$50.00	\$36,600	\$32,484	789.21%
	Industrial	13,000,000	\$4.50	3	\$50.00	\$60,300	\$53,562	794.92%
	Irrigation	6,750,000	\$5.65	73	\$12.00	\$48,650	\$42,579	701.35%
	<b>Water Service Total</b>	<b>62,500,000</b>		<b>616</b>		<b>\$353,669</b>	<b>\$299,617</b>	<b>554.31%</b>
	Residential	26,250,000	\$6.50	469	\$6.00	\$204,393	\$170,044	495.05%
Sewer	Commercial	4,000,000	\$6.50	22	\$6.00	\$27,584	\$23,567	586.68%
	Apartment Complex - MB	8,000,000	\$6.50	1	\$35.00	\$52,420	\$45,443	0.00%
	Industrial	13,000,000	\$6.50	3	\$35.00	\$85,760	\$74,389	0.00%
	<b>Sewer Service Total</b>	<b>51,250,000</b>		<b>495</b>		<b>\$370,157</b>	<b>\$313,443</b>	<b>552.67%</b>
<b>Total Operating Revenues</b>		<b>113,750,000</b>		<b>1,111</b>		<b>\$723,826</b>	<b>\$613,060</b>	<b>553.47%</b>

MB - Multiple Buildings Served By A Single Meter

Calculation Methodology:

- (1) Consumption and Units reflected as reported during test year. Growth factor not included for comparison purposes.
- (2) Customer Tap Fees, Deposits and Interest on Deposits are not included in any of the above computations.

AVONDALE MILLS, INC.  
2008-460-WS  
CUSTOMER GROWTH ANALYSIS

EXHIBIT WJM-4

Customer Classification	Aug-07 Water	Aug-07 Sewer	Aug-08 Water	Aug-08 Sewer	Water Average	Sewer Average	Growth Factor Water	Growth Factor Sewer
Residential Water	45	N/A	42	N/A	43.5		-0.034483	
Residential Water & Sewer	472	472	469	469	470.5	470.5	-0.003188	-0.003188
Commercial Water	7	N/A	7	N/A	7.0		0.000000	
Commercial Water & Sewer	21	21	21	21	21.0	21.0	0.000000	0.000000
Apartment Complex - MB	1	1	1	1	1.0	1.0	0.000000	0.000000
Industrial	0	0	3	3	1.5	1.5	1.000000	1.000000
Irrigation	74	N/A	73	N/A	73.5		-0.006803	
Wholesale	0	N/A	0	N/A	0.0		0	
<b>TOTAL ACTIVE EQUIV. UNITS</b>	<b>620.0</b>	<b>494.0</b>	<b>616.0</b>	<b>494.0</b>	<b>618.0</b>	<b>494.0</b>	<b>-0.003236</b>	<b>0.000000</b>

**AVONDALE MILLS, INC.  
2008-460-WS  
SCHEDULE OF RATES AND CHARGES**

**Exhibit WJM-5**

**Current**

**Proposed**

**WATER**

**1. Monthly Recurring Charges**

**RESIDENTIAL & COMMERCIAL CUSTOMERS:**

Base Facility Charge	\$3.00 per month	\$8.00 per month
Commodity Charge	\$0.51 per 1000 gallons	\$4.50 per 1000 gallons

**APARTMENT COMPLEX - MULTIPLE BUILDING SERVED BY A SINGLE METER:**

Base Facility Charge	\$3.00 per month	\$50.00 per month
Commodity Charge	\$0.51 per 1000 gallons	\$4.50 per 1000 gallons

**IRRIGATION CUSTOMERS:**

Base Facility Charge	\$3.00 per month	\$12.00 per month
Commodity Charge	\$0.51 per 1000 gallons	\$5.65 per 1000 gallons

**INDUSTRIAL CUSTOMERS:**

Base Facility Charge	\$3.00 per month	\$50.00 per month
Commodity Charge	\$0.51 per 1000 gallons	\$4.50 per 1000 gallons

**2. Nonrecurring Charges**

**Water Tap-In Fee For New Connections**

A. 5/8" Meter	\$0.00	\$550.00
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B. Meter tap fees for meters larger than 5/8" will be based on a single-family equivalent (SFE) using the DHEC contributory loading criteria.

**3. Notification, Account Set-Up, and Reconnection Charges**

- A. Notification Fee: A fee of five dollars (\$5.00) shall be charged each customer to whom the utility mails the notices prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.
- B. Customer Account Charge: A one time fee of \$15.00 will be charged to defray the cost of initiating a new customer's service.
- C. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of \$35.00 shall be due prior to the utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5.

**AVONDALE MILLS, INC.**  
**2008-460-WS**  
**SCHEDULE OF RATES AND CHARGES**

**Exhibit WJM-5**

**4. Late Penalty Charge**

Avondale may charge a late-payment penalty up to the maximum amount allowed by applicable South Carolina Statute and/or Public Service Commission rule.

**5. NSF Check Charge**

Avondale may charge a NSF check charge up to the maximum amount allowed by applicable South Carolina Statute and/or Public Service Commission rule.

**AVONDALE MILLS, INC.**  
**2008-460-WS**  
**SCHEDULE OF RATES AND CHARGES**

**Exhibit WJM-5**

**Current**

**Proposed**

**SEWER**

**1. Monthly Recurring Charges**

**RESIDENTIAL & COMMERCIAL CUSTOMERS:**

Base Facility Charge	\$2.05 per month	\$6.00 per month
Commodity Charge	\$0.869 per 1000 gallons	\$6.50 per 1000 gallons

**APARTMENT COMPLEX - MULTIPLE BUILDING SERVED BY A SINGLE METER:**

Base Facility Charge	\$2.05 per month	\$35.00 per month
Commodity Charge	\$0.869 per 1000 gallons	\$6.50 per 1000 gallons

**INDUSTRIAL CUSTOMERS:**

Base Facility Charge	\$2.05 per month	\$35.00 per month
Commodity Charge	\$0.869 per 1000 gallons	\$6.50 per 1000 gallons

**2. Nonrecurring Charges**

**Sewer Tap-In Fee For New Connections**

A. 5/8" Meter	\$0.00	\$550.00
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B. Meter tap fees for meters larger than 5/8" will be based on a single-family equivalent (SFE) using the DHEC contributory loading criteria.

**3. Notification, Account Set-Up, and Reconnection Charges**

- A. Notification Fee: A fee of five dollars (\$5.00) shall be charged each customer to whom the utility mails the notices prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.
- B. Customer Account Charge: A one time fee of \$15.00 will be charged to defray the cost of initiating a new customer's service.
- C. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of \$250.00 shall be due prior to the utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R. 103-532.4.

**4. Late Penalty Charge**

Avondale may charge a late-payment penalty up to the maximum amount allowed by applicable South Carolina Statute and/or Public Service Commission rule.

**AVONDALE MILLS, INC.**  
**2008-460-WS**  
**SCHEDULE OF RATES AND CHARGES**

**Exhibit WJM-5**

**5. NSF Check Charge**

Avondale may charge a NSF check charge up to the maximum amount allowed by applicable South Carolina Statute and/or Public Service Commission rule.

**AVONDALE MILLS, INC.**  
**2008-460-WS**  
**PERFORMANCE BOND REQUIREMENT**

EXHIBIT WJM-6

Avondale Mills, Inc. - Water			
Bond Value Components	Application Per Books	After ORS's Proposed Accounting & Pro forma Adjustments	After Applicant's Proposed Increase Recalculated by ORS
Wages & Taxes	\$67,332	\$61,534	\$61,613
Contracted Labor	\$27,951	\$31,169	\$31,210
Power	\$3,328	\$3,328	\$3,332
Purchased Water	\$174,947	\$66,141	\$66,226
Purchased Sewer Treatment	\$6,640	\$29,065	\$29,102
Lab Testing	\$4,515	\$4,515	\$4,521
Treatment Chemicals	\$1,518	\$1,518	\$1,520
Maintenance & Repairs	\$108,325	\$50,100	\$50,165
Vehicle Expense	\$2,319	\$2,319	\$2,322
Office Supplies and Printing	\$2,196	\$2,427	\$2,430
Telephone Expense	\$2,196	\$1,771	\$1,774
Other Miscellaneous Expense	\$2,928	\$2,889	\$2,893
Licenses, Permits & Taxes	\$1,360	\$1,761	\$3,986
Rate Case Expenses	\$0	\$1,629	\$1,631
Bad Debt Expense	\$0	\$244	\$1,596
Income Taxes (State and Federal)	\$0	\$0	\$18,483
<b>Bond Value Requirement</b>	<b>\$405,556</b>	<b>\$260,412</b>	<b>\$282,804</b>
Avondale Mills, Inc. - Wastewater			
Bond Value Components	Application Per Books	After ORS's Proposed Accounting & Pro forma Adjustments	After Applicant's Proposed Increase Recalculated by ORS
Wages & Taxes	\$70,649	\$64,564	\$64,485
Contracted Labor	\$29,328	\$32,705	\$32,664
Power	\$3,492	\$3,492	\$3,488
Purchased Water	\$183,562	\$69,399	\$69,314
Purchased Sewer Treatment	\$6,968	\$30,496	\$30,459
Lab Testing	\$4,738	\$4,738	\$4,732
Treatment Chemicals	\$1,592	\$1,592	\$1,590
Maintenance & Repairs	\$113,660	\$52,568	\$52,503
Vehicle Expense	\$2,434	\$2,434	\$2,431
Office Supplies and Printing	\$2,304	\$2,547	\$2,544
Telephone Expense	\$2,304	\$1,859	\$1,856
Other Miscellaneous Expense	\$3,072	\$3,032	\$3,028
Licenses, Permits & Taxes	\$1,427	\$1,848	\$4,171
Rate Case Expenses	\$0	\$1,710	\$1,708
Bad Debt Expense	\$0	\$256	\$1,671
Income Taxes (State and Federal)	\$0	\$0	\$19,345
<b>Bond Value Requirement</b>	<b>\$425,529</b>	<b>\$273,238</b>	<b>\$295,989</b>
Avondale Mills, Inc. - Combined			
Bond Value Components	Application Per Books	After ORS's Proposed Accounting & Pro forma Adjustments	After Applicant's Proposed Increase Recalculated by ORS
Wages & Taxes	\$137,981	\$126,098	\$126,098
Contracted Labor	\$57,279	\$63,874	\$63,874
Power	\$6,820	\$6,820	\$6,820
Purchased Water	\$358,509	\$135,540	\$135,540
Purchased Sewer Treatment	\$13,608	\$59,561	\$59,561
Lab Testing	\$9,253	\$9,253	\$9,253
Treatment Chemicals	\$3,110	\$3,110	\$3,110
Maintenance & Repairs	\$221,985	\$102,668	\$102,668
Vehicle Expense	\$4,753	\$4,753	\$4,753
Office Supplies and Printing	\$4,500	\$4,974	\$4,974
Telephone Expense	\$4,500	\$3,630	\$3,630
Other Miscellaneous Expense	\$6,000	\$5,921	\$5,921
Licenses, Permits & Taxes	\$2,787	\$3,609	\$8,157
Rate Case Expenses	\$0	\$3,339	\$3,339
Bad Debt Expense	\$0	\$500	\$3,267
Income Taxes (State and Federal)	\$0	\$0	\$37,828
<b>Bond Value Requirement</b>	<b>\$831,085</b>	<b>\$533,650</b>	<b>\$578,793</b>
Current Performance Bond Structure (1)	Bond Value	Expiration Date	
Certificate of Deposit 000000006043074	\$60,000	Auto Renewal	
<b>Total Financial Assurance</b>	<b>\$60,000</b>		

(1) Certificate of Deposit secures performance bond of \$30,000 for water operations and \$30,000 for wastewater operations.